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SIMON

PROPERTY GROUP

November 10, 2003

Seattle City Council

Dear Council President Steinbrueck and
City Council Members:

First, let me express our appreciation at your willingness to address the situation at Northgate Shopping Center by considering the proposed Development Agreement. With your approval of the Development Agreement and related legislation we will be in a position to revive Northgate.

The Development Agreement is the result of nearly a year of negotiation with City staff. As with any mutually beneficial negotiation the document results in compromises but keeps true to the spirit of the parties' goals. Specifically our goals at Northgate are to work through a process for development that while consistent with good urban planning also provides much needed flexibility and predictability in a dynamic market.

Everyone is aware of the litigation that went on for years which delayed development at Northgate. In the meantime, our competition in Alderwood created an expanded mall with new and enlarged retail department stores, more retail stores and new restaurants. The consumers shopping and driving there are Seattle residents included in the Northgate market. Retail sales and resultant taxes have slipped from the City of Seattle. Even within the City of Seattle, retail developments have been expanded creating new competition for Northgate. The issue here is not new competition but, rather, consistent rules for developers. Why is Northgate burdened with unnecessary process while other retail centers are not?

Our plans at Northgate reflect the demands of consumers in the marketplace. Our initial plans call for the demolition of the obsolete medical building and cinema. We intend to replace the unproductive square footage with new retail and restaurants to be constructed immediately adjacent to the mall. We also have plans to develop the northwest and southeast corners of Northgate. In the future, there could be market demand for Fifth Avenue development which we would look to satisfy.

We continue to discuss our plans with potential retailers and restaurateurs, who react positively. However, before we or they can move forward, there must be a predictable simplified development process in place. Otherwise, the years of stagnation at and around Northgate will continue while other retail centers prosper.

It came to our attention last summer that Councilman Conlin is proposing a new alternative process/proposal. We advised the Councilman this would not be acceptable. In fact, calls for more process and planning are a sure way to guarantee a legacy of delay and economic stagnation at Northgate. We are not interested in further negotiations. We are interested in investing in and improving Northgate. Please help us do that and the consumer along with the City of Seattle will realize the many benefits.

Our Agreement has been awaiting Council approval since March of 2003. The time for action by the Council is now. Please start a process that will allow for the reasonable development of Northgate by approving the proposed legislation.

Very truly yours,

SIMON PROPERTY GROUP

A handwritten signature in black ink, reading "Arthur W. Spellmeyer, III". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Arthur W. Spellmeyer, III
Executive Vice President

AWS:cia